

# hud NEWS

Department of Housing and Urban Development – Andrew Cuomo, Secretary  
Office of Public Affairs, Washington, DC 20410

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HUD No. 99-107  
(202) 708-0685  
<http://www.hud.gov/news.html>

FOR RELEASE  
Friday  
July 9, 1999

## **HUD RELEASES JUNE SURVEY OF SECONDARY MARKET PRICES AND YIELDS AND INTEREST RATES FOR HOME LOANS**

WASHINGTON – The U.S. Department of Housing and Urban Development today released results of its latest survey of market conditions for fixed rate, long-term, level payment home loans as well as interest rates for home construction funds. The June 1, 1999, survey found that the most frequently quoted contract rate for HUD/FHA Section 203(b) mortgages being sold in the secondary market for immediate delivery was 7.50 percent. Typical prices for 7.50 percent contract interest rate loans produced a national average secondary market yield of 7.58 percent.

FHA secondary market yields were mixed. Changes in secondary market yields on the most frequently quoted Section 203(b) contract rate ranged from an increase of 50 basis points in the Middle Atlantic and West regions to a minimal increase of 4 basis points in the Southeast.

In the FHA primary mortgage market, the average FHA effective rate for all reported primary market quotes was 7.26 percent. Lenders reported that the most frequent rate being quoted to potential FHA homebuyers for 60 days or more "lock-in" commitments was 7.50 percent with an average of 36 basis points and an effective interest rate of 7.57 percent. Average basis points for the 7.50 percent primary rate were 0 basis points in the Middle Atlantic region, 56 basis points in the Southeast and 25 basis points in the West. The North Central, Northeast and Southwest had no quotes for the 7.50 percent primary interest rate.

The national average contract rates for commitments on conventional loans for new home loans in the primary mortgage market went up 24 basis points from 6.93 percent in May to 7.17 for June. Existing home loans went up 25 basis points from 6.92 percent to 7.17 percent for the same period.

The proportion of HUD offices reporting an adequate supply of construction funds on June 1 was 100 percent for FHA and for conventional financings. For the trend of builders' plans, in the latest survey the majority of builders remained in the stable building plan category for each home price class. The proportion on June 1 was 74 percent for low-priced homes, 70 percent for moderate-priced homes, and 58 percent for high-priced homes.

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On June 1 the proportion of HUD Field Offices reporting a stable trend in builders' unsold inventory of new homes was 67 percent, while 23 percent noted a declining trend and 10 percent an advancing situation. An advancing trend is indicative of a growing inventory of homes, meaning either over-production and/or slower new home sales. Conversely, a declining inventory of new homes indicates demand would be relatively stronger than supply. One year ago the proportion of offices reporting a stationary trend was 76 percent, a declining trend 24 percent, and no advancing trend was indicated.

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Date of next release: July 23, 1999

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The entire news release and all tables are now available on the WEB:

<http://www.hud.gov/fha/comp/rpts/fharpts.html>